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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Updated financial position of closed peacekeeping missions as at 30 June 2015

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the updated financial position of closed peacekeeping missions as at 30 June 2015 (A/70/552). During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses dated 26 February 2016.

2. The Advisory Committee recalls that the Secretary-General submitted proposals (see A/66/665, A/67/739, A/68/666 and A/69/659) to address the issue of outstanding amounts due to Member States from closed peacekeeping missions in net cash deficit, while also indicating that the ideal approach for its resolution would be for Member States that are in arrears in their payments to the closed missions to pay their contributions expeditiously, as called for by the General Assembly. The comments of the Committee on the proposals of the Secretary-General mentioned above are contained in the following reports: A/66/713 and Corr.1 (see paras. 10-12); A/67/837 (see paras. 5 and 6); A/68/837 (see paras. 11 and 16); and A/69/827 (see paras. 15-17).

3. **The Advisory Committee notes that the General Assembly has decided, most recently by its decision 69/553 C, to defer consideration of all four previous reports of the Secretary-General and the related reports of the Advisory Committee to the second part of its resumed seventieth session. In this context, the Committee reiterates its previous observations and recommendations on the proposals contained in the above-mentioned reports of the Secretary-General to give the Assembly an opportunity to examine them in conjunction with the observations and recommendations contained in the present report.**

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4. In paragraphs 1 to 10 of his report on the updated financial position of closed peacekeeping missions as at 30 June 2015, the Secretary-General provides an update on the cash position of 26 closed peacekeeping missions. The number of missions reflects the addition of one mission, the United Nations Mission in the Sudan (UNMIS), to the 25 which were included in the previous report of the Secretary-General (A/69/659), following its closing effective 11 July 2011 and pursuant to the decision of the General Assembly in its resolution 69/303 to include updated information on the financial position of that Mission in the report on the updated position of closed peacekeeping missions. The Secretary-General indicates that, as at 30 June 2015, 21 of the 26 closed missions had cash surpluses available for credit to Member States totalling $70,019,000 (see A/70/552, para. 3 and tables 1-3), which would increase to $93,519,000 upon the repayment of $23,500,000 owed by two active peacekeeping missions as at 30 June 2015. In addition, the Secretary-General explains that the amount does not take into account the amount of $10,816,000 owed by two closed peacekeeping missions with cash deficits as at 30 June 2015.[1]

5. The Secretary-General indicates in paragraph 7 of his report that five of the closed missions had cash deficits totalling $86,475,000 as at 30 June 2015, comprising liabilities of $87,233,000, partially offset by cash assets of $758,000 (ibid., tables 4-6). He further indicates that the liabilities of $87,233,000 comprised $23,636,000 in outstanding loans ($10,816,000 owed to closed peacekeeping missions with a cash surplus and $12,820,000 owed to the Peacekeeping Reserve Fund), $62,922,000 in claims owed to troop- and police-contributing countries and $675,000 in other payables.

6. Upon request, the Advisory Committee was provided with updated information showing that, as at 31 January 2016, the cash surpluses available for credit to Member States in the 21 peacekeeping missions had increased to $71,587,000, which would increase to $100,087,000 upon repayment of the amount of $28,500,000 owed by two active peacekeeping missions.[2] In addition, the cash available did not take into account the amount of $10,816,000 owed by two closed peacekeeping missions with cash deficits (see also para. 5 above). The information provided also showed that, as at the same date, the liabilities of the five closed peacekeeping missions in cash deficit amounted to $86,924,000, reflecting a decrease of $309,000 compared to $87,233,000 as at 30 June 2015.

7. **The Advisory Committee notes the improved cash position of the closed peacekeeping missions with cash surpluses and reiterates its expectation that the cash surpluses available for credit to Member States will be returned in full and in a timely manner (see A/69/827, para. 6).**

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[1] Comprising $7,366,000 owed by the United Nations Support Mission in Haiti/United Nations Transition Mission in Haiti/United Nations Civilian Police Mission in Haiti and $3,450,000 owed by the United Nations Mission in the Central African Republic.

[2] The $28,500,000 owed by two active peacekeeping missions as at 31 January 2016 comprised $6,000,000 owed by the United Nations Mission for the Referendum in Western Sahara and $22,500,000 owed by the United Nations Interim Administration in Kosovo.

II. Outstanding amounts due to Member States from closed missions

8. The Advisory Committee recalls that, in paragraph 7 of its resolution 65/293, the General Assembly requested the Secretary-General to submit to it for its consideration and approval concrete proposals and alternatives to address the issue of outstanding amounts due to Member States from closed peacekeeping missions that are in net cash deficit. Upon request, the Committee was provided with a table showing the net cash available for credit to Member States as at 31 December 2015, as well as accounts payable to Member States and other liabilities (see annex). The table shows that a total of $180,298,000 was owed by all 26 closed peacekeeping missions, of which $81,421,000 was owed to troop- and police-contributing countries in respect of outstanding claims and $98,877,000 was owed in respect of credits to Member States from unencumbered balances, pending instructions on their disposition, and other liabilities. According to the information provided, the amount of $81,421,000 owed to troop- and police-contributing countries comprised $18,430,000 owed by closed missions in cash surplus and $62,991,000 owed by closed missions in cash deficit.

9. Upon enquiry as to why the amounts owed by closed missions in cash surplus could not be settled using the available cash in the amount of $69,688,000, the Advisory Committee was informed that the entire amount of $18,430,000 owed by closed missions in cash surplus was due to one Member State, which had placed the reimbursement on hold. As for the $62,991,000 owed by closed missions in cash deficit, the Committee was informed that the United Nations Secretariat was not authorized to settle those claims from the cash available, according to the terms of General Assembly resolutions that prohibit an appropriation authorized by the Assembly for one mission from being applied to any other mission.

10. During its consideration of the report of the Secretary-General, the Advisory Committee enquired about the possible costs associated with the continued operation of bank accounts of inactive peacekeeping missions owing to financial obligations which remained unsettled long after the completion of the mandates of the missions. Upon request, the Committee was provided with information showing that, for the three-year financial period from 2012/13 to 2014/15, some $75,677 had been incurred in bank fees by the 25 closed peacekeeping missions, one of which, the Committee notes, was closed as early as 1991 (United Nations Iran-Iraq Military Observer Group).

III. Cash requirements of the Organization

11. The Advisory Committee recalls that the General Assembly, in its resolutions on the financing of peacekeeping operations, has emphasized that no peacekeeping mission shall be financed by borrowing funds from other active peacekeeping missions. At the same time, the Committee is aware that because the Assembly has been silent on the mechanism for dealing with the disposition of cash balances available in the accounts of closed peacekeeping missions and the question of active peacekeeping missions borrowing from these cash balances, the Secretary-General, since 2003, has annually proposed to the Assembly that such cash balances be retained as a source of cross-borrowing for other missions to address the issue of

cash shortages in active missions owing to unpaid peacekeeping assessments. In paragraph 7 of his report, the Secretary-General indicates that, as a result of cash shortages in the special accounts of some active missions arising from the unpredictability in the receipt of assessed contributions, there has been a continuing need to borrow from closed missions, despite improvements in recent years. In this connection, the Committee recalls that it has expressed concern about the continued reliance on cash surpluses in closed peacekeeping missions for the cash requirements of active peacekeeping missions and reiterated the importance of delinking the cash flow requirements of active peacekeeping missions from the cash surpluses in closed missions that should be returned to Member States (A/67/837, para. 8). **In this regard, the Committee recalls the repeated calls by the Assembly for all Member States to pay their assessed contributions on time, in full and without conditions (see resolution 65/293).**[3]

12. Upon request, the Advisory Committee was provided with data pertaining to the borrowing history of two active missions, the United Nations Mission for the Referendum in Western Sahara (MINURSO) and the United Nations Interim Administration Mission in Kosovo (UNMIK), for the period from July 2011 to December 2015, showing that they had relied on borrowing throughout all or most of that period in order to support their operations. A graphical presentation of the data for the two missions demonstrated a strong correlation between the level of cross-borrowing by the two missions and the amount of unpaid assessments. According to the representatives of the Secretary-General, it was reasonable to surmise that the underlying cause for the temporary borrowing was the timing of receipt of contributions, which had resulted in temporary cash constraints for these missions.

13. In annexes III and IV to his report, the Secretary-General presents historical data on borrowing by active missions from closed missions during the period from 1 July 2010 to 31 October 2015, according to which the highest level of borrowing was $93 million in September 2011 and the peak levels of borrowing in subsequent years were $62 million in July and August 2012, $57 million in August 2013, $43 million in August and September 2014 and $30.5 million in July and August 2015. Upon enquiry, the Advisory Committee was informed that the reduction in the need for cross-borrowing was related to improvements in the timeliness of the receipt of assessed contributions. **The Committee notes the steadily declining trend in the peak levels of borrowing by active peacekeeping missions and that the highest level of borrowing in the past three years has been $57 million. The Committee notes that this reduction in the peak levels of borrowing reflects an improvement in the timeliness of the receipt of assessed contributions. In this regard, the Committee recommends that the net cash balance proposed for retention to cover the temporary borrowing needs of active missions be reduced accordingly to $57,000,000 and that any available cash surplus over that amount be returned to Member States (see para. 18 (b) below).**

Temporary borrowing between active peacekeeping operations

14. In paragraph 14 of his report, the Secretary-General reverts to his earlier proposal for the General Assembly to authorize temporary borrowing between active peacekeeping operations (A/67/739, para. 13; A/68/666, para. 15; and

[3] See also resolutions 54/249, 56/253, 62/236 and 64/243.

A/69/659, para. 11), explaining that while in aggregate terms there may be sufficient cash to manage all peacekeeping operations, the contributions for each one are held in separate accounts between which borrowing to alleviate temporary cash shortages is not allowed (see paras. 9 and 11 above). In support of his proposal, the Secretary-General asserts that cross-borrowing between active peacekeeping operations will not affect their operations, given that past data show that the temporary needs for such cross-borrowing have consistently been minor in comparison with the total cash position of all active peacekeeping operations at any given time. In this regard, the Secretary-General indicates, in paragraph 16 (b) of his report, that, if authorized by the Assembly, the borrowing would be kept within a limit of $100 million, which represents just 1.2 per cent of the total approved resources for peacekeeping operations for the period from 1 July 2015 to 30 June 2016, and in paragraph 17 of his report, he proposes a framework for cross-borrowing between active missions.

15. **The Advisory Committee reiterates its earlier stated view that the proposal to authorize borrowing between active missions could be an inducement for the late payment or non-payment of assessed contributions, as evidenced by those closed missions with long-outstanding loans from other missions (see A/69/827, para. 15).**

Working capital fund

16. As an alternative to cross-borrowing, the Secretary-General, in paragraphs 19 and 20 of his report, reverts to his earlier proposal for the establishment of a $100 million working capital fund for peacekeeping operations (A/68/666, paras. 20 and 21; and A/69/659, paras. 16 and 17). The Secretary-General indicates that the fund could be financed either by a one-time assessment on Member States for $100 million or from the unencumbered balance of active peacekeeping operations for the financial period 2014/15. **The Advisory Committee remains of the view that this proposal would entail assessing and/or charging the same Member States that have already paid their contributions in full in order to establish the working capital fund.**

17. **The Advisory Committee remains of the view that the Secretary-General's proposals outlined in paragraphs 14 and 16 above have not addressed the Committee's repeatedly expressed reservations with regard to utilizing resources due to Member States that have paid their assessed contributions in full and on time to meet the financial obligations to the Organization of Member States that have not paid their assessed contributions in a timely manner (A/69/827, para. 17). The Committee notes that, while the overall level of borrowing by active missions has been declining, the continued reliance of some active missions on borrowing from closed missions, owing to the unpredictability in the receipt of their assessed contributions, is still a matter of concern. The Committee urges the Secretary-General to continue exploring the available options to address the issue of late payment of assessed contributions, including engaging more actively with Member States.**

IV. Actions to be taken by the General Assembly

18. The actions to be taken by the General Assembly are set out in paragraph 21 of the report of the Secretary-General. **The Advisory Committee recommends that the General Assembly:**

(a) **Take note of the report of the Secretary-General, subject to its observations and recommendations in the present report;**

(b) **Request the Secretary-General to return to Member States the amount of $14,587,000 out of the balance of $71,587,000 available in 21 closed peacekeeping missions as at 31 January 2016, leaving a balance of $57,000,000 (see para. 13 above).**

19. **The Advisory Committee further recommends that the updated balances in the 21 closed peacekeeping operations be provided to the General Assembly at the time of its consideration of the report of the Secretary-General.**

Annex

Comparison of net cash available with accounts payable to Member States and other liabilities as at 31 December 2015

(Thousands of United States dollars)

		Accounts payable to Member States and other liabilities		
	Net cash available	*Credits for return to Member States and other liabilities*	*Claims payable to troop- and police-contributing countries*	*Total accounts payable and liabilities*
Missions with cash surpluses				
ONUB	1 349	922	46	968
ONUCA/ONUSAL	390	9	–	9
ONUMOZ	4 486	312	–	312
UNAMSIL/UNOMSIL	1 037	113	3	116
UNAVEM/MONUA	10 131	5 252	–	5 252
UNIIMOG	170	295	–	295
UNIKOM	119	101	–	101
UNMEE	1 967	927	39	966
UNMIBH	729	4 449	–	4 449
UNMIH	4 485	230	12 454	12 684
UNMIS	2 016	25 197	–	25 197
UNMLT	1	4	–	4
UNMOT	109	865	1	866
UNOMIG	449	6	–	6
UNOMIL	175	34	–	34
UNOMUR/UNAMIR	10 481	5 712	–	5 712
UNPF	28 193	20 261	3 299	23 560
UNPREDEP	500	3 492	2 588	6 080
UNTAES	527	4 742	–	4 742
UNTAET/UNMISET	2 032	1 863	–	1 863
UNTAG	342	160	–	160
Subtotal	**69 688**	**74 946**	**18 430**	**93 376**
Missions with cash deficits				
MINUGUA	–	124	–	124
MINURCA	–	16 337	7 480	23 817
UNOSOM	–	–	15 559	15 559
UNSMIH/UNTMIH/MIPONUH	–	7 366	114	7 480
UNTAC	–	104	39 838	39 942
Subtotal	**–**	**23 931**	**62 991**	**86 922**
Total	**69 688**	**98 877**	**81 421**	**180 298**

(Footnotes on following page)

(Footnotes to Table)

Abbreviations: MINUGUA, United Nations Verification Mission in Guatemala; MINURCA, United Nations Mission in the Central African Republic; MIPONUH, United Nations Civilian Police Mission in Haiti; MONUA, United Nations Observer Mission in Angola; ONUB, United Nations Operation in Burundi; ONUCA, United Nations Observer Group in Central America; ONUMOZ, United Nations Operation in Mozambique; ONUSAL, United Nations Observer Mission in El Salvador; UNAMIR, United Nations Assistance Mission for Rwanda; UNAMSIL, United Nations Mission in Sierra Leone; UNAVEM, United Nations Angola Verification Mission; UNIIMOG, United Nations Iran-Iraq Military Observer Group; UNIKOM, United Nations Iraq-Kuwait Observation Mission; UNMEE, United Nations Mission in Ethiopia and Eritrea; UNMIBH, United Nations Mission in Bosnia and Herzegovina; UNMIH, United Nations Mission in Haiti; UNMIS, United Nations Mission in the Sudan; UNMISET, United Nations Mission of Support in East Timor; UNMLT, United Nations Military Liaison Team in Cambodia; UNMOT, United Nations Mission of Observers in Tajikistan; UNOMIG, United Nations Observer Mission in Georgia; UNOMIL, United Nations Observer Mission in Liberia; UNOMSIL, United Nations Observer Mission in Sierra Leone; UNOMUR, United Nations Observer Mission Uganda-Rwanda; UNOSOM, United Nations Operation in Somalia; UNPF, United Nations Peace Forces; UNPREDEP, United Nations Preventive Deployment Force; UNSMIH, United Nations Support Mission in Haiti; UNTAC, United Nations Transitional Authority in Cambodia; UNTAES, United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium; UNTAET, United Nations Transitional Administration in East Timor; UNTAG, United Nations Transition Assistance Group; UNTMIH, United Nations Transition Mission in Haiti.